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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

August 25, 2000

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
The Portals
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: **Ex Parte Notice:** Local Number Portability,
CC Docket No. 95-116

Dear Ms. Salas:

On August 24, 2000, Bill Cook and I, from NECA, John Hunter of the United States Telecom Association, and Stephen Pastorkovich of the Organization for the Protection and Advancement of Small Telecommunication Companies met to discuss the attached information with Jack Zinman, Counsel for the Common Carrier Bureau, and with Mary Beth Richards, Acting Deputy Chief for the Common Carrier Bureau.

Acknowledgment and date of receipt of this filing are requested. A duplicate letter is provided for this purpose. Please address all inquiries to me.

Sincerely,

Gina Harrison

Attachment

Cc: M. Richards
J. Zinman

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List A B C D E

LNP Costs

The Issue:

Non-LNP Capable Telephone Companies still incur LNP costs but there is no method of recovery

- All LECs Incur fees for LNP Database Administration (Neustar)
- LECs also incur costs when they complete calls to other telephone companies with ported numbers.
 - For example, they are charged for querying databases required to complete the calls

Background

- May 12, 1998, FCC releases its 3rd Report and Order on LNP
- July 29, 1998 NECA files Expedited Petition for Reconsideration
 - NECA notes the lack of a recovery mechanism for LNP costs
- March 19, 1999 Petition for Expedited Interim Waiver
- FCC Meeting dates in 2000:
 - 1/13/00 NECA meeting with FCC staff to discuss LNP data request
 - 1/18/00 NECA Letter to TS Pool Members requesting LNP Cost data
 - 3/3/00 Overview of preliminary results from LNP data request provided to FCC by NECA
 - 3/22/00 NECA Ex Parte presentation containing results of LNP data request, the data request forms, and sample calculation of Local Switching rate including LNP costs.
 - 7/17/00 & 8/16/00 Joint Ex Parte presentation with USTA, NTCA, OPASTCO, NRTA, and NECA to CPD & Commissioner Offices

Issues from 3/19/1999 Petition

- All Carriers incur costs regardless of whether they provide LNP. For example,
 - All must contribute to the regional Number Portability Administration Centers (NPACs)
 - ILECs are assessed query charges when traffic is terminated in areas with LNP-capable switches when another carrier is performing the database look-up function for them.
- Costs related to LNP must be assigned to Interstate
- For most pool LECs, no cost recovery mechanism exists to recover these LNP costs
 - End User charges only apply after LECs wire centers become LNP capable

Recommendation for Recovery

- Recovery mechanism for LECs who are not LNP capable should be competitively neutral.
 - Recovery through TS Access rates
 - Prior to LNP Capability there is no competition to be biased against
 - Solution is the same one that exists after five years for those that are LNP capable.

NECA LNP Data Request

- Prepared at FCC request and sent to all TS pool members on 1/18/00
- Identified the following costs from the following categories:
 - Support of LNP Regional Databases (\$386 K)
 - Software upgrades to initiate LNP queries (\$1.9 M)
 - Costs of querying LNP databases (\$1.1 M)

NECA LNP Data Request Results & Recommendations

- 75% of Pooling LECs responded to request
 - Total Annual Costs of \$3.6 M were identified (0.36% of TS Revenue)
 - Equivalent to \$0.0002 per minute of use
- NECA recommends recovery through TS rates
 - 3rd Order: Recovery of LNP costs from end users should be “designed so that end users generally receive the charges only when and where they are reasonably able to begin receiving the direct benefits of local number portability”

End User Charge Recovery

End User Charge Problems

- End Users are billed but do not receive the ability to choose local carriers.
- Creates a new end user line item charge for a small cost recovery (\$3.6 M)
- Adds to customer confusion over billing
- Administratively burdensome with more than 1,000 companies possibly requesting rates
- Costs of adding to customer bills will exceed the revenue in many cases